

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

SunTrust Banks, Inc.

Point of Contact:	Aleem Gillani	RSSD: (For Bank Holding Companies)	1131787
UST Sequence Number:	5	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,850,000,000	FDIC Certificate Number: (For Depository Institutions)	867
CPP/CDCI Funds Repaid to Date:	4,850,000,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	November 14, 2008	City:	Atlanta
Date Repaid <sup>1</sup> :	3/30/2011	State:	Georgia

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

**X Increase lending or reduce lending less than otherwise would have occurred.**

See the answers regarding actions taken/avoided due to CPP funds. For all answers, note that SunTrust did not segregate its CPP funds from other capital and liquidity sources. Thus, responses represent ways that SunTrust deployed its various sources of capital and liquidity, not just CPP.

**X To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

SunTrust originated more than \$74 billion in new and renewed loans to its clients in 2010. Extensions of credit to consumers (e.g., mortgages, home equity, student lending, and credit card) accounted for approximately \$38 billion.

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☐
Increase securities purchased (ABS, MBS, etc.).

☐
Make other investments.

☐
Increase reserves for non-performing assets.

☐
Reduce borrowings.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

Due to the difficult economic environment in 2010, qualified borrowers' demand for loans was weak. Consequentially, SunTrust's capital was not leveraged to the extent that it was historically, and it operated at higher capital ratios than it would have during more certain economic times.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

SunTrust (the "Company") believes that the CPP funds and other government programs served as important sources of stabilization for the financial markets and the banking industry, particularly during late 2008 and early 2009. A primary benefit of the CPP was the incremental liquidity that it provided. Due in part to this liquidity, SunTrust did not have to borrow from the Federal Reserve discount window or execute other aspects of its contingent liquidity plan. As the economy stabilized in 2010, SunTrust had a strong liquidity position throughout. Reflecting weak demand from qualified borrowers -- and consistent with the industry's experience overall -- SunTrust's total loan portfolio increased only marginally in 2010. A small decline in commercial and industrial lending was offset by an increase in consumer loans, specifically guaranteed student loans and indirect auto. Residential lending was largely flat, but in this category a decline in non-guaranteed residential lending, home equity and residential construction was offset by an increase in guaranteed mortgages. This is consistent with SunTrust's goal, beginning prior to the receipt of CPP funds, to derisk the portfolio, replacing riskier loans with lower-risk and guaranteed loans. SunTrust was able to do this while still working to meet the lending needs of the economy, as reflected in the increase in the size of the loan portfolio since Q2 2010. From a capital perspective, SunTrust's capital ratios remained well above the regulatory minimums throughout 2010, increasing throughout the year. Excluding the capital benefit of the CPP funds, the Company's 2010 ratios for Tier 1 Common and Tier 1 Capital bottomed in Q1 at 7.7% and 9.6%, respectively, and the Total Capital bottomed in Q3 at 12.8%. These ratios exceeded the regulatory minimums of 4%, 6%, and 10%, respectively. The CPP funds provided SunTrust a substantial regulatory capital buffer and mitigated other steps that the Company may have otherwise deemed necessary to manage its capital position. SunTrust is not materially impacted by upcoming Basel III adjustments to risk-weighted assets, and already complies with the 2019 Basel III minimum capital ratios.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Because SunTrust did not segregate the CPP funds from its other sources of capital, it is not possible to provide the precise impact that the CPP funds had on the Company's operations. However, the increased capital ratios resulting from the CPP funds allowed the Company to perform certain actions to an extent that would have been difficult without the use of the funds. Several of these are highlighted below. SunTrust remained an active, full-service lender with a strong record of working with current and potential clients to meet their credit needs. While overall loan demand was weak in 2010 throughout the industry, SunTrust still originated over \$74 billion in loans during the year. Lending to consumers accounted for \$38 billion of these originations. SunTrust's lending efforts demonstrate that it understood the need to put the CPP funds -- along with its other sources of capital -- to work to support the economy and meet the needs of creditworthy borrowers during the uncertain environment. In addition, SunTrust continued its mortgage relief efforts, working with clients who were experiencing difficulties. The Company expanded its special counseling and management staff and increased its foreclosure mitigation efforts. In 2010, SunTrust provided relief to approximately 35,800 homeowners at risk of foreclosure, an increase from the prior year level of approximately 33,200. In addition, SunTrust assisted 5,800 borrowers who preferred liquidation options such as short-sale and deed-in-lieu.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.